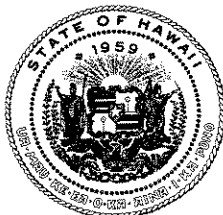
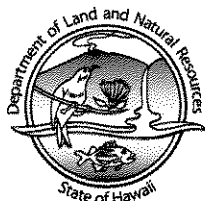


LINDA LINGLE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

October 13, 2006

PETER T. YOUNG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
DEPUTY DIRECTOR

DEAN NAKANO
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT

ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

**APPROVAL TO PROCEED WITH THE SINGLE AUDIT
OF THE DEPARTMENT'S FEDERAL AID PROGRAMS**

The Department of Land and Natural Resources receives funds from several federal agencies under a variety of assistance programs. These programs are subject to the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. These Acts call for a single coordinated audit of the aggregate federal financial assistance provided to a recipient government during a specific fiscal year.

Auditing and accounting functions are assigned to the State Comptroller. The Comptroller's written approval must be obtained before departments can hire certified public accountants to perform auditing services.

Our current three year contract for audit services ended with the fiscal year ending June 30, 2006. The services of the Department of Accounting and General Services will be available again to assist with the selection of our next independent auditor for the fiscal years ending June 30, 2007, 2008 and 2009. The cost of the audits for the next three years will be negotiated by the State Comptroller subject to our department's approval.

RECOMMENDATION:

That the Board authorize the Chairperson to obtain the assistance of the State Comptroller to proceed with the Single Audits of our department for fiscal years ending June 30, 2007, 2008, and 2009.

Respectfully submitted,

A handwritten signature in cursive script, reading "Juliet Kazanjian".

Juliet Kazanjian
Fiscal Management Officer

APPROVED FOR SUBMITTAL:

A handwritten signature in cursive script, reading "Peter T. Young".
Peter T. Young, Chairperson